

Underinsurance




In focus - Hoteliers

What is underinsurance?

Underinsurance happens when you don't have enough insurance cover to meet your needs. If the stated value of your property and assets aren't correct, or the time it takes to get your business back up and running after a loss are underestimated, you could be underinsured.

It sounds pretty straight-forward and easy to avoid but with things like the cost of living crisis, labour shortages, supply chain issues and material costs rising globally, we are seeing a steady increase in the number of people and businesses being underinsured.

What are the main areas of concern for Hoteliers?

-  **Building rebuild cost** - especially if the property is listed. We recommend you always get a professional independent valuation every couple of years. This is particularly relevant when you consider the increase in construction costs, labour and materials over the past few years.
-  **General contents of the property** - which is based on a replacement new for old basis. Unless you actually work out the replacement cost of all furnishings and accessories, you never realise how much it would actually cost to replace (or repair) what you currently have.
-  **Business interruption** - the loss of income or gross profit following an insurance claim. The correct period of indemnity needs to be selected. For hoteliers we normally recommend considering 24 or 36 months instead of the basic 12 months that's normally offered. In the event of a major claim, debris removal, planning permission (if needed) and getting builders to quote, start and complete the work so you can trade again, would more often than not far exceed 12 months. Repairs always take longer than people hope.



What happens when you're underinsured?

The crux of it is that you leave yourself at real risk of having a significant shortfall to pay should you need to make a claim.

Jargon busting



Sum insured

The stated value of the item(s) covered in the policy

Period of indemnity

How long it will take you to get back to normal

Average clause

The percentage difference between your recommended total sum and the actual sum

Expert Insight

"The insurance definition of 'loss of gross profit' differs from an Accountants definition, as the insurance figure should be adequate to cover all fixed costs, such as wages, during the period of not being able to trade."

Catherine Smith, Client Manager - Commercial & Technology





Why choose Macbeth?

We'll be honest (because that's how we like to do business.) You can buy insurance from any insurance broker. But our business isn't really about insurance and finances; it's about people and relationships. We love getting to know you and your business, finding out what you need and making sure you get it. It's why so much of our business comes from referrals.

And, with over 30 years' experience under our belts, it's fair to say we know a bit or two about insurance.



WorkingFeedback★

Excellent from 741 reviews



I'm well aware that you need to trust your insurance provider. And I've always preached – and practised – open, honest business, conducted with integrity. Trust builds. This is how.

Paul Macbeth, CEO



What happens if I need to make a claim?

We're here for you when you need us most.

The way we see it, arranging insurance is only half the story. As a business that puts people first, there's no question that we're here to help should you ever need to make a claim. And it couldn't be easier. All you need to do is call your Client Manager at Macbeth, office or mobile, no matter what time. No need to dig around for your policy details.

Just explain what's happened and we'll take over from there.

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